Queensland AgTrends 2012–13
Forecasts and trends in Queensland agricultural, fisheries and forestry production
Acknowledgments

The Department of Agriculture, Fisheries and Forestry (DAFF) acknowledges contributions to the report from:

- DAFF researchers and industry experts
- Office of Economic and Statistical Research (OESR)
- Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES)
- Australian Bureau of Statistics (ABS)
- Meat and Livestock Australia (MLA)
- Avocados Australia
- various industry representatives
- various market commentators and industry media.

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## Acronyms

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<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>AAG</td>
<td>Australian Agribusiness Group</td>
</tr>
<tr>
<td>ABARES</td>
<td>Australian Bureau of Agricultural and Resource Economics and Sciences</td>
</tr>
<tr>
<td>ABS</td>
<td>Australian Bureau of Statistics</td>
</tr>
<tr>
<td>ALFA</td>
<td>Australian Lot Feeders’ Association</td>
</tr>
<tr>
<td>ANZSIC</td>
<td>Australian and New Zealand Standard Industrial Classification</td>
</tr>
<tr>
<td>BMP</td>
<td>best management practice</td>
</tr>
<tr>
<td>BOM</td>
<td>Bureau of Meteorology</td>
</tr>
<tr>
<td>CCS</td>
<td>commercial cane sugar</td>
</tr>
<tr>
<td>CIF</td>
<td>cost, insurance and freight</td>
</tr>
<tr>
<td>DAFF</td>
<td>Department of Agriculture, Fisheries and Forestry</td>
</tr>
<tr>
<td>DPIF</td>
<td>Department of Primary Industries and Fisheries</td>
</tr>
<tr>
<td>EMI</td>
<td>Eastern Market Indicator</td>
</tr>
<tr>
<td>ENSO</td>
<td>El Niño/La Niña-Southern Oscillation</td>
</tr>
<tr>
<td>EYCI</td>
<td>Eastern Young Cattle Indicator</td>
</tr>
<tr>
<td>FOB</td>
<td>free on board</td>
</tr>
<tr>
<td>FTE</td>
<td>full-time equivalent</td>
</tr>
<tr>
<td>GM</td>
<td>genetically modified</td>
</tr>
<tr>
<td>GVP</td>
<td>gross value of production</td>
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<tr>
<td>IDP</td>
<td>individually droughted property</td>
</tr>
<tr>
<td>IMF</td>
<td>International Monetary Fund</td>
</tr>
<tr>
<td>IPS</td>
<td>international polarity scale</td>
</tr>
<tr>
<td>MIS</td>
<td>management investment schemes</td>
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<tr>
<td>MLA</td>
<td>Meat and Livestock Australia</td>
</tr>
<tr>
<td>OECD</td>
<td>Organisation for Economic Co-operation and Development</td>
</tr>
<tr>
<td>OESR</td>
<td>Office of Economic and Statistical Research</td>
</tr>
<tr>
<td>PFP</td>
<td>partial factor productivity</td>
</tr>
<tr>
<td>QSL</td>
<td>Queensland Sugar Limited</td>
</tr>
<tr>
<td>QSP</td>
<td>Queensland seasonal pool (sugar price)</td>
</tr>
<tr>
<td>RBA</td>
<td>Reserve Bank of Australia</td>
</tr>
<tr>
<td>SIPS</td>
<td>Stocked Impoundment Permit Scheme (dams)</td>
</tr>
<tr>
<td>SLA</td>
<td>statistical local area</td>
</tr>
<tr>
<td>TFP</td>
<td>total factor productivity</td>
</tr>
<tr>
<td>USDA</td>
<td>United States Department of Agriculture</td>
</tr>
<tr>
<td>WEO</td>
<td>World Economic Outlook</td>
</tr>
</tbody>
</table>
This edition of Queensland AgTrends

Queensland AgTrends replaces Prospects for Queensland’s Primary Industries, launched in 2001. Queensland AgTrends will build on Prospects’ strengths as the authoritative source of statistics, analysis and forecasts for Queensland’s agricultural, fisheries and forestry production. This new publication will continue the work of Prospects, and has been adapted to track the government’s commitment of doubled production by 2040. The most recent changes in methodology are outlined below.

Total value of Queensland’s primary industries

Prior to September 2007, the measure used to value Queensland’s primary industry commodities in Prospects was gross value of production (GVP). From September 2007 onwards, the total value of Queensland’s primary industry commodities reported two components, which are reported separately. These components are a GVP figure for unprocessed primary commodities, and a value of first-stage processing for the commodities in the following list.

Value of first-stage processing

First-stage processing forecasts and estimates for previous years are provided for:

- meat processing
- sugar processing
- milk and cream processing
- fruit and vegetable processing
- flour mill product and feed processing
- seafood processing
- log sawmilling, timber dressing and plywood and veneer manufacturing
- lifestyle horticulture services
- cotton ginning
- kangaroo processing.

In this edition of Queensland AgTrends, estimates of major primary industry processing activity are based on a methodology derived from the 2006–07 Australian Bureau of Statistics (ABS) Manufacturing Survey/Census statistics released in April 2009.

The methodology assumes a constant ratio of farm output to processing output and a constant ratio of processing output to processing industry value-added. Editions prior to 2010–11 used the methodology derived from the Queensland 2000–01 Manufacturing Survey. Therefore, the first-stage processing forecasts for 2012–13 should not be compared with the estimates for years prior to 2010–11.

Lifestyle horticulture

In September 2008, the then Department of Primary Industries and Fisheries (DPIF) commissioned Queensland Treasury’s Office of Economic and Statistical Research (OESR) to undertake a comprehensive, statewide telephone survey to determine the economic value of the lifestyle horticulture industry. Lifestyle horticulture had changed significantly since a previous comprehensive survey in 2001. Now the Department of Agriculture, Fisheries and Forestry (DAFF) uses a new benchmark to improve our understanding of the scope and economic contribution of this important industry.

In Table 9, page 14, the value of the industry is captured under ‘lifestyle horticulture production’ and includes the GVP of nurseries, cut flowers and turf.
Forestry

In Table 9, page 14, the value of Queensland’s forest industry has two components:

- the gross value of the log timber produced from Queensland’s plantations and native forests before it reaches a sawmill or primary timber processing plant
- the value-added component that includes log sawmilling and timber dressing, and plywood and veneer manufacturing.

Maps showing main production regions

For livestock, horticulture and crops, maps are included to show the main production areas for individual commodities. The maps are based on ABS 2005–06 Agricultural Census data. The maps show statistical local areas (SLAs) in Queensland where the top 80 per cent of production of each commodity is concentrated.

Comparisons with previous years

From 2005–06, the ABS used a new methodology for gathering agricultural data. ABS’s final GVP estimates for 2009–10, released in July 2011, are included in Table 9 (page 14). Due to this break in the series, the ABS advises that figures from 2005–06 onwards should not be compared to previous years.
Key findings

Total value of Queensland’s primary industries

For 2012–13, the total value of Queensland’s primary industry commodities (combined gross value of production and first-stage processing) is forecast at $15.124 billion, 3 per cent higher than 2011–12 and 10 per cent higher than the average for the last 5 years.

Gross value of production (‘farm gate’) 

For 2012–13, the gross value of production (GVP) of Queensland’s primary industry commodities at the ‘farm gate’ is forecast at almost $11.987 billion, 3 per cent higher than 2011–12 and 9 per cent higher than the average for the last 5 years.

Livestock industries

The 2012–13 GVP forecasts for livestock industries are shown in Tables 1 and 2.

Table 1 Livestock disposals 2012–13

<table>
<thead>
<tr>
<th>Industry</th>
<th>Forecast GVP ($m)</th>
<th>Percentage change since 2011–12</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cattle and calf</td>
<td>3197</td>
<td>0</td>
</tr>
<tr>
<td>Poultry</td>
<td>438</td>
<td>+11</td>
</tr>
<tr>
<td>Pig</td>
<td>204</td>
<td>–4</td>
</tr>
<tr>
<td>Sheep and lamb</td>
<td>64</td>
<td>+7</td>
</tr>
<tr>
<td>Live cattle exports</td>
<td>50</td>
<td>–18</td>
</tr>
<tr>
<td>Kangaroo</td>
<td>12</td>
<td>–40</td>
</tr>
</tbody>
</table>

Table 2 Livestock products 2012–13

<table>
<thead>
<tr>
<th>Industry</th>
<th>Forecast GVP ($m)</th>
<th>Percentage change since 2011–12</th>
</tr>
</thead>
<tbody>
<tr>
<td>Milk</td>
<td>230</td>
<td>–4</td>
</tr>
<tr>
<td>Egg</td>
<td>134</td>
<td>+20</td>
</tr>
<tr>
<td>Wool</td>
<td>97</td>
<td>–19</td>
</tr>
</tbody>
</table>

Crops

The 2012–13 GVP forecasts for crops are shown in Tables 3–6.

Table 3 Fruit and nuts and vegetables 2012–13

<table>
<thead>
<tr>
<th>Industry</th>
<th>Forecast GVP ($m)</th>
<th>Percentage change since 2011–12</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fruit and nut</td>
<td>1321</td>
<td>+8</td>
</tr>
<tr>
<td>Vegetable</td>
<td>1119</td>
<td>–6</td>
</tr>
</tbody>
</table>
Table 4 Lifestyle horticulture 2012–13

<table>
<thead>
<tr>
<th>Industry</th>
<th>Forecast GVP ($m)</th>
<th>Percentage change since 2011–12</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lifestyle horticulture (production sectors)</td>
<td>1165</td>
<td>+2</td>
</tr>
<tr>
<td>Nursery</td>
<td>889</td>
<td>+3</td>
</tr>
<tr>
<td>Cut flower and foliage</td>
<td>151</td>
<td>0</td>
</tr>
<tr>
<td>Turf</td>
<td>125</td>
<td>0</td>
</tr>
</tbody>
</table>

Table 5 Other crops 2012–13

<table>
<thead>
<tr>
<th>Industry</th>
<th>Forecast GVP ($m)</th>
<th>Percentage change since 2011–12</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sugar cane</td>
<td>1200</td>
<td>+4</td>
</tr>
<tr>
<td>Cotton</td>
<td>640</td>
<td>−31</td>
</tr>
</tbody>
</table>

Table 6 Cereal grains 2012–13

<table>
<thead>
<tr>
<th>Industry</th>
<th>Forecast GVP ($m)</th>
<th>Percentage change since 2011–12</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wheat</td>
<td>574</td>
<td>+72</td>
</tr>
<tr>
<td>Grain sorghum</td>
<td>429</td>
<td>+47</td>
</tr>
<tr>
<td>Maize</td>
<td>55</td>
<td>+20</td>
</tr>
<tr>
<td>Barley</td>
<td>41</td>
<td>−9</td>
</tr>
</tbody>
</table>

Fisheries

The GVP of Queensland’s fisheries in 2012–13 is forecast at $436 million. In this edition, recreational fishing, which is an important part of Queensland fisheries, is included in the forecast for 2012–13 with an estimated value of $73 million. The values of commercial fishing and aquaculture are forecast at $260 million (5 per cent decrease from 2011–12) and $103 million (11 per cent increase from 2011–12), respectively.

Forestry

The GVP of the forest growing sector of Queensland’s forest industry in 2012–13 is forecast at $175 million, 7 per cent lower than last year. This translates into a value of $361 million for the first-stage processing sector.
First-stage processing

For 2012–13, the value of first-stage processing (or value-added production) is forecast at $3.136 billion. This should not be compared with previous years as new ratios for value-added were applied to the 2010–11 data (see page 1, Value of first-stage processing, for details).

Table 7 Forecast value of first-stage processing for 2012–13

<table>
<thead>
<tr>
<th>Industry</th>
<th>Forecast ($m)</th>
<th>Percentage change since 2011–12</th>
</tr>
</thead>
<tbody>
<tr>
<td>Meat</td>
<td>1521</td>
<td>0%</td>
</tr>
<tr>
<td>Sugar</td>
<td>680</td>
<td>1%</td>
</tr>
<tr>
<td>Log sawmilling, timber dressing and plywood and veneer manufacturing</td>
<td>361</td>
<td>−7%</td>
</tr>
<tr>
<td>Fruit and vegetables</td>
<td>210</td>
<td>1%</td>
</tr>
<tr>
<td>Milk and cream</td>
<td>121</td>
<td>−4%</td>
</tr>
<tr>
<td>Flour mill and feed</td>
<td>105</td>
<td>71%</td>
</tr>
<tr>
<td>Cotton ginning</td>
<td>73</td>
<td>−31%</td>
</tr>
<tr>
<td>Seafood</td>
<td>66</td>
<td>−1%</td>
</tr>
</tbody>
</table>
About Queensland’s primary industries

In 2010–11, Queensland’s primary industries directly contributed an estimated $7.5 billion to the state economy or 3.0 per cent of the Gross State Product.¹

Geographically, Queensland is Australia’s second largest state, covering more than 173 million hectares. Almost 144 million hectares (or 83 per cent) of the land area is used for agriculture. Queensland has the largest area of agricultural land of any Australian state and the highest proportion of land area in Australia dedicated to agriculture.

In 2010–11 Queensland exported $6.3 billion worth of agriculture and food products. Exports of these primary products comprised 13 per cent of the state’s overseas commodity exports in 2010–11.²

In 2009–10 the combined employment associated with the whole food supply chain equated to an estimated 320 100 employees or one in seven Queenslanders who were either partially or entirely supported by the food sector.³

¹ Source: ABS Exports from Queensland and Australia to all countries, by commodity, value, 2009–10, OESR, Standard International Trade Classification 2 digit, Food and Live Animals.
² Source: ABS 5220.0 State Accounts.
³ ABS Exports from Queensland and Australia to all countries, by commodity, value, 2009–10, OESR, Standard International Trade Classification 2 digit, Food and Live Animals.
About the department

The Department of Agriculture, Fisheries and Forestry (DAFF) was established in April 2012 as a stand-alone department. Its focus is to support efficient, innovative and profitable agriculture, fisheries and forestry industries.

The department will contribute to the government’s objectives for the community by:

- increasing agricultural productivity
- simplifying regulations
- investing in frontline services by identifying efficiencies and reducing programs not aligned to priorities.

The department will also work with key government, industry and research partners to identify areas where shared projects and investments will improve the productivity of Queensland’s agriculture, fisheries and forestry industries, with the aim to double Queensland’s food production by 2040.

The delivery of a long-term agricultural strategy that coordinates efforts across government will address major challenges, including:

- global economic uncertainties
- natural disasters
- competition for export markets
- skills and labour shortages across industries and regions and an existing agricultural science workforce that is ageing
- competition between agricultural and resource sectors for the same land, water and skilled labour
- a critical need to manage the risk of pests and diseases, food safety and animal care and maintain the reputation of Queensland products.

In 2012–13 DAFF will focus on delivering government commitments that will ensure a productive and successful Queensland agriculture sector that is prosperous over the long term.

Key highlights include:

- improving research, development and extension services to increase take-up of best practice management and innovative techniques
- implementing the $3 million Queensland Government contribution to the North Queensland Irrigated Agriculture Strategy, which will assist producers to diversify their operations to include irrigated agriculture on the Flinders and Gilbert rivers
- employing 15 new frontline officers to strengthen Queensland’s biosecurity to help producers combat ticks, weeds and feral pests
About Queensland AgTrends

*Queensland AgTrends* has a circulation of approximately 2000, with copies distributed to members of parliament, industry associations, agribusinesses, banks, law firms, local councils, government departments, educational institutions, primary producers and other businesses along the value chain.

The annual October edition of *Queensland AgTrends* contains:

- initial GVP forecasts for 2012–13
- initial forecasts for 2012–13 for first-stage processing
- GVP estimates for 2011–12 and the last 5-year average.

*Queensland AgTrends* is available on the DAFF website at [www.daff.qld.gov.au](http://www.daff.qld.gov.au)

About the Queensland AgTrends update

This edition of *Queensland AgTrends* contains initial GVP forecasts and first-stage processing forecasts for the current financial year. These forecasts are then updated in April. Updated forecasts will be made available electronically and can be downloaded from the DAFF website, [www.daff.qld.gov.au](http://www.daff.qld.gov.au). This is in line with our commitment to upgrade the DAFF information technology platform to make services integrated, modern and user-friendly.

Contact

We welcome your feedback. Please send your comments and suggestions to us at:

*Queensland AgTrends*
Industry Analysis Unit
Department of Agriculture, Fisheries and Forestry
PO Box 46
Brisbane QLD 4001
Content and procedure

In this publication, GVP refers to the output of primary industry operations. Most non-commercial activities, such as home vegetable and flower gardening and hobbyist beekeeping, are not included due to a lack of data. This in no way diminishes the importance of these activities to the economy and society. Recreational fishing is included, but at a conservative valuation.

Gross values of commodities produced are calculated by multiplying the output from each primary industry activity by the average wholesale market price paid to producers.

Estimates of major primary industry processing activity used in this edition of Queensland AgTrends are based on a methodology derived from the 2006–07 ABS Manufacturing Survey/Census statistics released in April 2009. The methodology assumes a constant ratio of farm output to processing output and a constant ratio of processing output to processing industry value-added.

Previous editions used the methodology derived from the Queensland 2000–01 Manufacturing Survey. Therefore, the first-stage processing forecasts from 2009–10 onwards should not be compared with the estimates for previous years.

Value-added refers to the additional value created at a particular stage of production. Value-adding that occurs beyond the first round is not included in this analysis. Note that for some industries, there are a significant number of rounds of processing and value-adding beyond the first round. For instance, timber is processed in numerous downstream industries, including wooden structural component, pulp, paper and paperboard, and paper product processing.

Economists use the value-added method as a way of avoiding double counting. The sum of the value-added in each of the different stages of production equals the value of the final product. Final products include consumer goods and fixed capital equipment. In a microeconomic context, value-added is simply measured as the value of the output produced minus the costs of the intermediate inputs.

The estimates and forecasts contained in this edition of Queensland AgTrends were based on information available in August and September 2012, and followed consultation with industry experts and expert DAFF staff.

The prices of all overseas-traded commodities are responsive to changes in the exchange rate of the Australian dollar relative to the currencies of our trading partners. Prices paid to primary producers, and therefore gross unit values, could change depending on whether exchange rates increase or decrease.
Climate outlook for October to December 2012

The Bureau of Meteorology (BOM) considers that the probability of above-median rainfall for the next 3-month period (October to December) is near-normal (40 to 60 per cent) for most of Queensland. For the coming summer (November to March), the long-range experimental Seasonal Pacific Ocean Temperature Analysis version one (SPOTA-1) scheme currently indicates near-average rainfall across Queensland is most likely.

As at 1 October 2012, it is noted that sea-surface temperature anomalies in the central equatorial Pacific are warmer than average but remain within the ENSO-neutral range. The majority of international global climate models, and most models surveyed by BOM, indicate the possibility of an El Niño event developing before summer has reduced.

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Figure 1 Probability of exceeding median rainfall for October – December 2012

Based on a rapidly rising phase of the SOI during June–July.


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Drought situation

As at 31 August 2012, there are no local government areas or individually droughted properties (IDPs) drought-declared under the state processes.
The global and Australian economic environment

Global economic growth is weak, due to the unresolved crisis of the eurozone, although improvements are becoming evident in the US. Weak demand in those regions for imports from suppliers such as China is cooling global demand for, and prices of, mining commodities. The latest forecasts from the International Monetary Fund (IMF) indicate reduced global growth for 2012 and 2013 compared to earlier predictions.

Table 8 IMF forecast, October 2012 (year-over-year percentage change)

<table>
<thead>
<tr>
<th>Projections</th>
<th>Difference from July 2012 WEO projections</th>
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<tbody>
<tr>
<td></td>
<td>World output (a)</td>
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<tr>
<td></td>
<td>Advanced economies</td>
</tr>
<tr>
<td></td>
<td>United States</td>
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<td></td>
<td>Euro area (excl. Estonia)</td>
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<td></td>
<td>Japan</td>
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<td></td>
<td>United Kingdom</td>
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<td>Canada</td>
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<td></td>
<td>Other advanced economies</td>
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<td></td>
<td>Newly industrialised Asian economies</td>
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<td></td>
<td>Emerging and developing economies (b)</td>
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<td>Central and Eastern Europe</td>
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<td>Commonwealth of Independent States</td>
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<td>Russia</td>
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<td>Developing Asia</td>
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<tr>
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<tr>
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<td>Latin America and the Caribbean</td>
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<tr>
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<td>Sub-Saharan Africa</td>
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<td>World trade volume (goods and services)</td>
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<td>Imports</td>
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<td>Advanced economies</td>
</tr>
<tr>
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<td>Emerging market and developing economies</td>
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<td>Exports</td>
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<td>Advanced economies</td>
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<td>Emerging market and developing economies</td>
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<td>Commodity prices (US dollars)</td>
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<td>Oil</td>
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<td>Non-fuel (weighted average)</td>
</tr>
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a The estimates and projections account for 90 per cent of the world’s purchasing power-parity weights.

b The estimates and projections account for approximately 80 per cent of the emerging and developing economies.

c Indonesia, Malaysia, Philippines, Thailand and Vietnam.

Continuing negative news about the state of developed economies hides the encouraging fact, pointed out by the IMF, that ‘emerging market and developing economies’ have been outperforming the First World over the last decade. Being in the pre-eminent new economic growth zone, the Asia-Pacific region, boosts the Australian economy.

The IMF increased its earlier forecast of 3.0 per cent growth for Australia in 2012 to 3.3 per cent. However, the projection for 2013 was reduced from 3.5 per cent to 3.0 per cent, with resource investment expected to peak next year at levels lower than previously expected.

Declining commodity prices are not providing the previous exchange-rate relief for Australian exporters, for two reasons. First, the Australian dollar became a reserve currency held by central banks around the world, creating additional demand for it. Second, continuing efforts by central banks in the US and the European Union (EU) to create abundant financial liquidity are artificially pushing down the exchange rates of their currencies against others. In addition, Australian banks are now in the habit of not passing on to their borrowers the full reduction in interest rates by the Reserve Bank of Australia. The stubbornly high Australian dollar and finance costs put both the exporting and import-competing parts of agriculture under significant pressure.

Australia’s agricultural exporters are currently better off than their mining counterparts in one respect: widespread droughts in the northern hemisphere have reduced competitors’ stocks of commodities, raising international prices back to historically high levels, as shown by the Food and Agriculture Organization (FAO) Food Price Index. Meanwhile, good crops after two La Niña years in Australia provide stocks to sell.

---

## Primary industries—estimates and forecasts

### Table 9 GVP, first-stage processing and total primary industries estimates and forecasts, 2007–08 to 2012–13 and average for last 5 years

<table>
<thead>
<tr>
<th>Commodity GVP (a)</th>
<th>2007–08(b)</th>
<th>2008–09(b)</th>
<th>2009–10 (b)</th>
<th>2010–11(b)</th>
<th>2011–12(d)</th>
<th>2012 (Sept) (d)</th>
<th>Change Mar to Sept</th>
<th>Last 5-yr average</th>
<th>Difference from previous 5-yr average</th>
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<tbody>
<tr>
<td><strong>Livestock disposals</strong></td>
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<td><strong>Fruit and nuts</strong></td>
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<td>2008–09(b)</td>
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<td>Change Mar to Sept</td>
<td>Last 5-yr average</td>
<td>Difference from previous 5-yr average</td>
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<td>2011–12(d)</td>
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a GVP is defined as the gross value of commodities produced. It is a measure of economic output. In this publication, GVP relates to the output of primary industry commercial operations only. The GVP is the value of recorded production at wholesale prices realised in the marketplace (e.g. cattle sold at saleyards, sugar cane at the mill door, fruit and vegetables at the wholesale market). It is derived by multiplying the output from each primary industry by the average wholesale price paid to producers.

b ABS final estimates for 2010–11 unless otherwise indicated.

c DAFF estimates.
d DAFF forecasts.
e Excludes minor commodities such as honey, beeswax and mohair.
f DAFF estimate does not include chillies.
g Gross value of sugar cane at mill door.
h Includes value of cottonseed and lint.
i Includes catches from both Commonwealth-managed fisheries (including Torres Strait, Gulf of Carpentaria and East Coast Tuna) and state-managed fisheries.
j Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES) estimates.
k See page 9 for the definition of value-added. The forecasts for the value of first-stage processing in 2009–10 should not be compared with the previous years due to the change in value-added ratios.
Volume of production index

A volume of production index describes the movement in production over a period of time relative to a base period. The volume of production index for Queensland’s major agricultural commodities from 1996–97 to 2012–13 is detailed in Table 10 below.

In 2012–13, the production index for agriculture is forecast to be 116. This indicates that Queensland’s agricultural production in 2012–13 is forecast to be 16 per cent higher (on average) than in the base year of 1996–97. On average, the volume of agricultural production in 2012–13 is forecast to be 8 per cent higher than in 2011–12.

Table 10 Volume of production index (a) for Queensland’s major agricultural commodities

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a Base of each index is 1996–97 = 100.

b Excludes lifestyle horticulture due to insufficient data.

c ABS Estimates (Agricultural Commodities, Australia, 2009–10, cat no 7121.0). Production data for maize, peanuts, pineapples, capsicums, beans, lettuce and rockmelon are not contained in Agricultural Commodities, Australia 2009–10. For this reason, final DAFF production estimates for these commodities in 2009–10 have been used.

d Forecast.

Source: Compiled by DAFF using ABS and DAFF data.

The indices of different commodities and groups of commodities were calculated using a simple Laspeyres index with 1996–97 as the base year. The year 1996–97 was chosen as the base year because it is considered to be a year when average production levels were recorded for most of Queensland’s major agricultural commodities.
Livestock disposals

Cattle and calves

Forecast

In 2012–13, the GVP of Queensland’s cattle and calf industry (including cattle and calves sold for slaughter plus live exports) is forecast at $3.25 billion. This is only 1 per cent lower than the final estimate for 2011–12 and 2 per cent lower than the previous 5-year average estimate.

Analysis and discussion

Cattle and calves sold for slaughter

In 2012–13, the gross value of cattle and calves sold for slaughter is forecast at $3.2 billion, which is the same as last year’s final estimate but 3 per cent less than the 2009–10 final ABS estimate. The expected slight increase in number of cattle and calves sold for slaughter is expected to be tempered by a forecast fall in saleyard prices over the next financial year. While the supply side of the outlook for the industry is looking promising due to favourable seasonal conditions and herd rebuilding, the demand side has been weakened by downward revisions of exports to Japan and Korea.

In 2011–12, around 3.55 million head of cattle and calves were slaughtered in Queensland, which was slightly less than in 2010–11.

Figure 3 Queensland cattle and calf slaughterings, 2000–01 to 2012–13

The anticipated increase in slaughter numbers in Queensland is partly attributable to more cattle being available due to better growing seasons following better seasonal conditions.

The female slaughter percentage has decreased when compared to previous years, returning to near 2004–06 levels (as shown in Figure 4). The decrease in the percentage of cows and heifers slaughtered in 2011–12 from the previous year suggests more producers have increased their herd rebuilding in response to improved seasonal conditions.
As shown in Figure 5, prices were higher in 2011–12 when compared with the previous three financial years. However, the Australian weighted average saleyard price for beef is forecast to fall by around 3 per cent in 2012–13 due to an assumed appreciation of the Australian exchange rate plus other short-term factors.

The total number of cattle and calves slaughtered in Australia in 2011–12 was estimated at 8.05 million head, 3 per cent lower than in 2010–11.

On the supply front, Meat and Livestock Australia (MLA) expects that continued favourable seasonal conditions will see a slight increase in the throughput of heavier beasts through the marketplace. On the demand side, exports to Australia’s first and third largest export markets, Japan and Korea, have been revised downwards due to the continuing high Australian dollar, competition from the US and higher domestic beef production in these markets.
According to the MLA and the Australian Lot Feeders’ Association (ALFA) quarterly lot feeding survey, just over 752,000 cattle were on feed at the end of the March quarter, down 5 per cent on the previous quarter and 3 per cent on the corresponding period in 2011.

Exports

Exports of Australian beef and veal decreased significantly by 31 per cent from 2010–11 to 2011–12 when 948,011 tonnes were exported, compared to 1,383,530 tonnes in 2010–11. Japan was Australia’s largest export market with shipments of 325,846 tonnes in 2011–12, nearly 64,000 tonnes less than 2010–11. Japan accounted for 34 per cent of Australia’s beef and veal exports. This was followed by the US (22 per cent of Australia’s exports) and South Korea (13 per cent of Australia’s exports). Together, these three countries accounted for nearly 70 per cent of Australia’s beef and veal exports.

In 2011–12, Queensland exported 567,390 tonnes of beef and veal, accounting for 60 per cent of Australia’s beef and veal exports. This was a decrease of approximately 74,300 tonnes from the previous year.
Japan

Japan was Queensland’s largest export market, accounting for 38 per cent of Queensland’s beef and veal exports in 2011–12. This was followed by the US (20 per cent) and South Korea (13 per cent).

According to the MLA, Japanese consumers are still reeling from the combined effects of the global financial crisis, the March 2011 earthquake and the subsequent tsunami and nuclear disaster. As a result, the anticipated consumer recovery has been slow in coming, which in turn has impacted on the sales of Australian beef. Other factors adding to the sluggish demand include increased competition from the US and high domestic beef production in Japan.

South Korea

The MLA forecasts that Australia will continue to face increased competition from both US and domestic Hanwoo beef production in the Korean market over the medium term, which they believe will limit the potential to share in the expected growth in Korean beef demand. The MLA expects Australia’s market share to fall by 28 per cent to 105,000 tonnes as the US continues to recapture imported market share with beef and pork and much stronger competition from local beef.

US

The MLA believes that Australian exporters have returned to sending increased volumes to the US, underpinned by very high manufacturing beef prices, which reached record levels in April. In turn they have reduced the availability to other markets such as Japan, Korea, Indonesia and Russia. As a result, the MLA expects the total exports to the US to reach 250,000 tonnes in 2012 which is nearly a 50 per cent increase from the previous year.

Feedlots

In the March 2012 quarter, Queensland’s feedlots were operating at 66 per cent capacity—the same as the March 2011 quarter but 7 per cent lower than the December 2011 quarter.

According to the MLA, the results for the first half of 2012 indicate a decrease in cattle numbers on feed in Queensland; this reflects the continued higher than average rainfall conditions, which in turn have reduced the availability to other markets such as Japan, Korea, Indonesia and Russia. As a result, the MLA expects the total exports to the US to reach 250,000 tonnes in 2012 which is nearly a 50 per cent increase from the previous year.

Lot-feeding margins have improved, according to the MLA, due to a significant reduction in grain prices in all categories on the Darling Downs, with sorghum and wheat averaging 24 per cent and 20 per cent lower year-on-year.

Queensland’s grain-fed cattle turn-off in the March quarter of 2012 was 18 per cent higher than at the same time last year. However, it was nearly 10 per cent lower than the previous quarter but 4 per cent greater than the previous quarter before that.

Turn-off from feedlots generally accounts for approximately 40 per cent of Queensland’s total slaughter. Changes in the number of cattle on feed therefore have a significant impact on total slaughter numbers and beef production in Queensland.
**Live cattle exports**

In 2011–12, the gross value of live cattle exports is forecast at $50 million. This is 18 per cent lower than the final estimate for 2010–11 and 41 per cent less than the previous year.

According to the MLA, the medium-term outlook for the Australian live cattle trade continues to ride on the back of the prospects to Indonesia. At present there is still no change in the number of import permits allocated by Indonesia. The total Australian exports of live cattle are estimated to have fallen by around 21 per cent in 2011–12 to 695 000 head. The largest decline was in exports to the Middle East and Africa, which are estimated to have fallen by 40 per cent in 2011–12 to 133 800 head.

According to the MLA, the medium-term outlook is for some recovery in Australia’s live cattle trade from the forecast low point of 570 000 head in 2012 to 700 000 head by 2016.
Pigs

Forecast

The gross value of Queensland’s pig production in 2012–13 is forecast at $204 million, a 4 per cent decrease on DAFF’s final estimate for 2011–12 and an 11 per cent decrease on the average for the last 5 years.

Analysis and discussion

In 2012–13 the profit margins of pig producers are likely to be squeezed further. The over-the-hooks price for pig meat is expected to decline by 2.1 per cent to 275 cents per kilogram. There will be limited scope for pig producers to offset this price decline as production costs are forecast to rise as the domestic price of feed wheat continues to increase. An additional factor in the lowering of pig industry profits in 2012–13 is the industry’s voluntary phase-out of sow stall production to improve animal welfare.

Pig slaughters are forecast to decline marginally in 2012–13. This comes as producers reduce breeding sow numbers across the year due to high feed grain prices and increasing competition from imports. Pig meat imports are forecast to rise by 7 per cent in 2012–13, as the strong Australian dollar aids the competitiveness of imports.

In 2012–13, Australian pig meat exports are forecast to decline by 3.4 per cent. Australian pig meat prices are expected to be comparatively higher than that from other markets, such as the US and Canada, due to the strength of the Australian dollar.

Poultry

Forecast

The gross value of Queensland’s poultry production in 2012–13 is forecast at $438 million, an 11 per cent increase on DAFF’s final estimate for 2011–12 and a 21 per cent increase on the average over the past 5 years.

Analysis and discussion

Poultry meat production in 2012–13 is forecast to increase by 1 per cent. Production increases are being supported by consumer demand for chicken meat underpinned by the growing retail price disparity, favouring poultry, between poultry meat and other meats. As a result consumption of chicken meat is forecast by ABARES to increase slightly to around 44 kilograms per person in 2012–13, making it the most consumed meat in Australia. While per capita poultry consumption is expected to increase, population growth is expected to be the key driver of total consumption growth in poultry.

Poultry prices are expected to increase by approximately 2 per cent in 2012–13, due to strong demand and forecast high feed grain prices. Over the past decade the industry has achieved significant production efficiencies, leading to increased carcase weights and lower production costs. Due in part to these efficiencies the poultry industry has been able to negate some of the effect of higher input prices.

Following recent consolidation in the poultry meat processing sector as Baiada (the third largest industry player) acquired Bartter Holdings (the second largest), more uncertainty remains as to the industry’s structure. Inghams, which currently controls about one-third of the market share, is currently for sale. While this is not expected to impact on poultry production and prices in 2012–13, there may be some impacts in the following years.

For a discussion of egg production, see page 28.
Sheep and lambs

Forecast

The gross value of Queensland’s sheep and lamb production in 2012–13 is forecast at $64 million, which is 7 per cent higher than DAFF’s final estimate for 2011–12 but 16 per cent greater than the average for the past 5 years.

Analysis and discussion

Australian sheep and lamb saleyard prices are forecast to ease throughout 2012–13 following declining prices in the first half of 2012. ABARES estimates that sheep prices will decrease by 3 per cent in 2012–13 and lamb prices will decrease by 4 per cent. This reflects an increase in the availability of sheep and lambs for slaughter. However prices should remain favourable as strong domestic and export demand partially offset supply increases.

The momentum of favourable conditions and prices that saw growth in the sheep and lamb industry over the last 2 years (an increase of 33 per cent in GVP from 2009–10 to 2011–12) is expected to diminish in 2012–13. Despite estimated price declines in both the sheep and lamb industries, the overall value of the industry should continue to grow, due to favourable prices and higher slaughter rates. Slaughter rates are expected to increase by 15 per cent for sheep and 6 per cent for lambs.

Sheep and lamb exports are expected to increase in 2012–13 following growth the previous year. Demand is expected to be driven primarily by the Middle East and China and to a lesser extent by the US and Canada.

The high Australian dollar, paired with weaker consumer demand for sheep and lamb in European markets, is expected to result in increased export competition from New Zealand. Some lamb and mutton from New Zealand is forecast to be redirected to Australia’s main export markets, including the Middle East and China.

For a discussion on wool, see page 27.

Kangaroos

Forecast

The gross value of Queensland’s kangaroo industry in 2012–13 is forecast at $12 million, 40 per cent lower than DAFF’s final estimate for 2011–12 and 48 per cent lower than the average over the last 5 years.

Analysis and discussion

Russia’s current ban of kangaroo imports from Australia continues to impact the Queensland kangaroo industry. As Russia was previously the destination for around 60 per cent of Australian kangaroo products, the import ban, enacted in August 2009, has effectively cut off the kangaroo meat industry from its largest customer. The huge decline in value of production can be attributable to a forecast harvest of only 27 per cent of the previous year’s harvest.

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8 ABARES, 2012, Agricultural Commodities, September Quarter, Commonwealth of Australia, Canberra.
Livestock products

Although Queensland AgTrends generally discusses only the larger primary industry sectors, special mention should be made of the beekeeping industry.

While the direct commodity production of the industry is relatively small (the GVP in 2001–02 was $5.1 million, representing well below 1 per cent of Queensland’s gross value of primary industry production), it has particular importance to cropping industries. In particular, bees provide significant pollination services as a by-product of the honey/pollen collection process. The value of pollination is reflected in the gross values of the cropping industries that honey bees service, but these services are difficult to value, primarily because of a lack of data about the extent of reliance on feral honey bees.

Australia is the last country that is free of the bee parasite varroa mite. If this mite were to become established in Australia, the importance of pollination by managed hives would increase significantly as feral bee numbers dropped.

Milk

Forecast

The gross value of Queensland milk production for 2012–13 is forecast at $230 million, 4 per cent lower than DAFF’s final estimate for 2011–12 and 14 per cent lower than the average for the last 5 years.

This forecast decline is a combination of ongoing impacts from the supermarket ‘milk price war’ on processor margins and farm-gate prices and lower forecast production as more dairy farmers exit the industry due to unviable returns.

Queensland milk production for 2012–13 is forecast to decrease by 6–8 per cent to approximately 450 million litres.

Analysis and discussion

While environmental operational conditions have been relatively stable over the last 12 months, trading conditions and farm-gate prices have been placed under ongoing pressure for the southern-based export sector, with the ongoing high Australian dollar suppressing returns to the Australian dairy export industry over the last year. Drought conditions in the US and other parts of the northern hemisphere may improve the price outlook for the export market as international dairy supplies are affected; however, grain and protein meal prices have already increased significantly, adding to operating costs.

For Queensland dairy farmers seasonal conditions have improved following the devastation caused by floods and cyclones in late 2010 and early 2011. However, it is expected that with lower farm-gate prices causing additional dairy farmers to exit the industry, milk production for the year ahead will remain suppressed and farmers will be slower to recover from the impacts of natural disasters that impacted them last year.

It is expected that another 40 or so dairy farmers could exit the industry this year due to lower farm-gate prices and unviable returns. A recent survey has indicated that the level of confidence within the Queensland dairy industry has dropped significantly over the last year and that about half of the farm population were unsure whether they would still be in the industry in the next 5 years if milk prices and farm financial returns did not improve.

The downward pressure on prices has been in response to:

• poor returns from major supermarket private label contracts
• loss of market share of processor milk brands to supermarket private label brands
• changes to supermarket private label contracts.
In a number of areas there have been direct cuts to farm-gate prices during the 2011–12 financial year, with about half of the Queensland supply base suffering a cut of 3–4 cents per litre at the start of 2012 (equating to an income cut of around $30,000 to $40,000 on average). Producers whose milk payments were linked to the sale of processor branded milk had already seen their farm-gate returns drop by some 5 per cent during 2011, while a major part of the supply base had experienced significant cuts in farm-gate prices of around 15 to 20 per cent in mid-2010.

The sales volume of packaged milk currently exceeds the amount of milk produced in Queensland, as was the case during a large part of 2011. As reported by Dairy Australia, packaged milk sales exceeded production in Queensland by approximately 45 million litres during 2011. To the end of July this year, the shortfall had already reached 46 million litres and is expected to reach 66 million litres for the 2012 calendar year.

While milk production fell, package milk sales in Queensland grew by more than 5 per cent in 2011–12, including both increases in per capita consumption and population. Suppressed returns from the domestic market, due to the supermarket milk price war, have undermined the ability of milk processors to provide stronger prices; processors are currently transporting milk from southern production regions to cover shortfalls. Industry analysis of the costs of transporting milk suggests it is not economic over long distances and the better option would be to source milk from local dairy farmers. With the cost of transporting milk continuing to increase, the cost of filling local shortages of milk from interstate will also continue to increase.

Another issue of major concern to the Queensland industry is the recent movement of some product lines and thus processing capacity to New South Wales, which reduces the demand for sourcing local milk supply for those dairy products.

Supermarkets now account for more than 67 per cent of total domestic fresh milk sales and the top three supermarket chains account for some 86 per cent of total Australian grocery sales. Additionally all major supermarket chains in Australia are pursuing private label strategies to increase their market shares. The average approximate price difference between a supermarket private label brand litre of milk compared to milk processor proprietary brands is now 89 cents per litre.

In Queensland alone this price differential equates to over $100 million per year, which previously flowed back through the industry value chain and thus supported farm-gate prices.

Over the last 18 months, processors have used a number of different tactics to counteract the loss of market share to discount supermarket brands, including increased advertising, rewards programs, discounting and product differentiation. All of these tactics have been additional costs to processors over their normal market operations. The latest initiative—the advertising of permeate-free brands—has reportedly boosted processor sales, although it is too early to know whether this growth will be sustained.10

<table>
<thead>
<tr>
<th>Table 11 Queensland milk production estimates and forecasts by region 2008–09 to 2012–13</th>
</tr>
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<tbody>
<tr>
<td><strong>South East Queensland</strong></td>
</tr>
<tr>
<td>2008–09 million litres (e)</td>
</tr>
<tr>
<td>406</td>
</tr>
<tr>
<td><strong>Far North Queensland</strong></td>
</tr>
<tr>
<td>76</td>
</tr>
<tr>
<td><strong>Central Queensland</strong></td>
</tr>
<tr>
<td>30</td>
</tr>
<tr>
<td><strong>Total Queensland</strong></td>
</tr>
<tr>
<td>512</td>
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</tbody>
</table>

(e) Estimate, (pe) preliminary estimate, (f) forecast

Source: Dairy Australia.

10 For more information on permeate, please visit www.dairyaustralia.com.au.
Wool Forecast

The gross value of wool production (including the value of skins) is forecast to be $97 million in 2012–13, a 19 per cent decrease on DAFF’s final forecast for 2011–12 and a 6 per cent decrease on the average for the past 5 years.

Analysis and discussion

The gross value of Queensland wool production is forecast to decrease substantially due to a 20 per cent decrease in wool prices from 2011–12. Downward pressure on wool prices is stemming from the relatively high Australian dollar along with expected increases in global wool production and weaker retail wool demand.

ABARES forecasts an average Eastern Market Indicator (EMI) price for 2012–13 of 960 cents per kilogram. This is down from an average of 1203 cents per kilogram last year, which opened with historical highs of around 1400 cents per kilogram in mid-2011 (Figure 10). Looking forward, woolgrowers are looking to the futures market to secure higher prices, with prices in this market trading around 1080 cents a kilogram for wool delivered in late 2012–13.

Figure 10 EMI movement and the Australian dollar exchange rate

Australian wool production (in terms of quantity) in 2012–13 is estimated to be relatively unchanged from 2011–12, increasing only 1 per cent. Queensland wool production is however estimated to decrease in 2012–13 by approximately 4 per cent. This is based on an expectation of dryer seasonal conditions resulting in limited pasture growth.

Wool exports are expected to decline marginally in 2012–13 due to weaker demand for wool from major export markets. China, Australia’s largest wool export market, is facing a weaker demand for wool apparel as consumer spending on discretionary items, including clothing, is expected to remain subdued, particularly in the EU and the US. Placing further downward pressure on wool demand is the price competitiveness of substitute fibres; while wool prices have fallen recently, the prices of cotton and polyester have also declined.

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Eggs

Forecast

For 2012–13, the gross value of Queensland’s egg production is forecast at $134 million; this is a 20 per cent increase on DAFF’s final estimate for 2011–12 and a 15 per cent increase on the average for the last 5 years.

Analysis and discussion

During 2012–13, egg production is forecast to increase relative to 2011–12 levels, leading to strong inventory levels. While demand for eggs is expected to remain strong, supply increases in 2012–13 are expected to exert downward pressure on egg prices in the short term. Egg prices are forecast to increase by 1 per cent in 2012–13 due in part to the larger share of higher value eggs being produced. Demand for higher value eggs is increasing, as shown by the retail sales of free-range eggs, which were up 24 per cent from 2010 to 2011.\(^2\)

While overall industry value is forecast to increase, industry profits have been squeezed over the past 5 years as input costs increased and capital outlays were required to meet new animal welfare standards. High feed prices are expected to impact on the profits of the egg industry in 2012–13 as feed costs, typically grain, represent 50–60 per cent of total production costs.

The Australian Egg Corporation estimated that average egg consumption on a per capita basis was 213 in 2011, a 7.5 per cent increase on 2010 consumption. Population growth and continued per capita consumption increases are expected to drive further increases in consumption. These per capita increases are expected to be realised through effective promotion of eggs as a healthy and convenient food, dispelling the long-term myth linking egg consumption to heart disease.

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Crops

Horticulture crops

Fruit and nuts

Forecast

The total gross value of Queensland’s fruit and nut production in 2012–13 is forecast at $1.321 billion. This figure is 8 per cent greater than DAFF’s final estimate for 2011–12 and 20 per cent greater than the average for the last 5 years.

Analysis and discussion

The gross value of banana production is forecast at $500 million for 2012–13, 39 per cent greater than DAFF’s final estimate for 2011–12 and 36 per cent greater than the average for the past 5 years.

Much of the increase in the gross value of banana production is due to a recovery from the impact of Cyclone Yasi.

Most of the state’s banana production occurs in the Cardwell and Johnstone areas in northern Queensland.

The gross value of strawberry production is forecast at $125 million for 2012–13, down 17 per cent on DAFF’s final estimate for 2011–12 but 16 per cent above the average for the last 5 years.

Lower production of strawberries is due to wet weather early in the season and the consequential impact of disease. A glut of strawberries later in the season caused a crash in price. A significant number of growers had to reduce their production so that they could afford to continue harvesting.

Most of Queensland’s strawberry production occurs in the Caboolture area, just north of Brisbane, and along the Caloundra rail corridor.

The gross value of mandarin production for 2012–13 is forecast at $75 million, 7 per cent greater than DAFF’s final estimate for 2011–12 but 4 per cent lower than the average for the last 5 years.

Volumes were lower due to biennial bearing in Imperials and the effects of widespread tree removal in mid-season varieties such as Hickson, Taylor Lee and Ellendale. These varieties are being removed as growers respond to an oversupply caused by increased production of mandarins in South Australia and Victoria. Murcott volumes were also slightly lower than forecast, possibly because of the heavy set of fruit in 2011. The prices for Murcott
Mandarins received a boost due to frost in Argentina, which caused an international shortage of soft citrus (mandarins) and resulted in higher export prices. This offset the impact of lower volume production for Imperial and mid-season variety mandarins. Queensland citrus growers experienced better climatic conditions this season compared with recent seasons, with adequate rainfall and sunny conditions allowing better crop production overall.

Half of Queensland’s mandarin production occurs in the Gayndah area. A further third of production occurs in Mundubbera (not shown on the map).

The gross value of mango production is forecast at $70 million in 2012–13, the same as DAFF’s final estimate for 2011–12 but 2 per cent lower than the average for the last 5 years.

More than 40 per cent of Queensland’s mango production is in the Mareeba area in Far North Queensland. A further 39 per cent of production occurs in the neighbouring Burdekin, Bowen and Townsville areas.

Note that any estimate made is tentative, as it is early in the flowering stage at the time of data collection for this report. Subsequent weather events can significantly influence crop size. In addition, the pattern of alternating high-production and low-production years has broken down over the last few years, making early-season forecasts even more difficult.

The gross value of avocado production is forecast at $140 million for 2012–13, 3 per cent lower than DAFF’s final estimate for 2011–12 but 33 per cent greater than the average for the last 5 years.

The production forecast for 2012–13 is down quite significantly due to the aftermath of two very wet summers (including Cyclone Yasi in North Queensland), which has resulted in a significant rise in phytophthora root rot. This has reduced crop yields and caused loss of trees. Due to the lower supply of avocados, prices have been quite high with avocado trees taking a year or two to recover.

The Isis and Burnett areas produce 37 per cent of Queensland’s avocados, with 29 per cent of production occurring in the Atherton and Mareeba areas in Far North Queensland. Just over 10 per cent of avocados are grown in the Crows Nest area on the Darling Downs.

The gross value of pineapple production is forecast at $71 million for 2012–13, which is 4 per cent higher than DAFF’s final estimate for 2011–12 and 7 per cent higher than the average for the last 5 years.

This forecast increase is due to higher quantities of processed and fresh pineapples while prices are expected to remain unchanged from last year.

More than a third of pineapple production occurs in the Caboolture area, just north of Brisbane, with a further 20 per cent of production in the Caloundra area and 10 per cent north of Yeppoon in the Livingstone area on the Central Queensland coast.
The gross value of production of **apples** is forecast at $40 million for 2012–13, the same as DAFF’s final estimate for 2011–12 and 8 per cent lower than the average for the last 5 years.

There are no major events so far for 2012–13 that would result in changes to price or quantity.

More than 95 per cent of Queensland’s apples are grown in Stanthorpe.

The gross value of production of **macadamias** in 2012–13 is forecast at $52 million, 18 per cent greater than DAFF’s final estimate for 2011–12 and 80 per cent greater than the average for the last 5 years.

A major production area is in the Burnett area north of Bundaberg, where 40 per cent of macadamias are grown. Significant amounts are also grown around Gympie and just north of Gympie in the Tiaro area.

The gross value of **table grape production** is forecast at $50 million for 2012–13, the same as DAFF’s final estimate for 2011–12 and 43 per cent greater than the average for the last 5 years.

The main varieties are Menindee Seedless, Flame Seedless and Red Globe. Queensland table grapes are early season, with 90 per cent harvested between October and December.

The major production areas are in the Balonne area, where more than 40 per cent of Queensland’s table grapes are grown, and the Emerald area, where a third of production occurs.
A brand new apple that’s sweet, stays fresher for longer and was developed in Queensland will soon start landing in fruit bowls across the world.

The Kalei, with a Hawaiian meaning of ‘lovable’, has a superior quality and sweetness compared to other apple varieties currently on the market. When it becomes available to the public, consumers will be able to put it in a fruit bowl at home and it will retain its firmness, texture and crispness for up to 3 weeks.

The Kalei is a super apple—it can withstand apple scab (or black spot), a major fungal disease of apples worldwide. It is also high yielding, making it cost-effective for orchardists to grow, further boosting the already $40 million-dollar-a-year apple industry in Queensland.

The breeding program

The Kalei apple is the result of a 20-year breeding program led by the Queensland Government, with support from Horticulture Australia Limited (HAL) and Apple and Pear Australia. The Kalei variety was bred and developed in response to industry demand to reduce apple scab that costs the Australian sector more than $10 million annually in lost production and chemical control.

The new variety was developed through careful cross-pollination and without the use of chemicals or genetic engineering. Different apple varieties were used as parents in the original cross-breeding work. This resulted in a population of tens of thousands of different apple selections, which was progressively reduced until only those selections producing the best quality apples remained.

Commercialisation partner

The Queensland Government’s commercialisation partner for the Kalei is Apple and Pear Australia Ltd. They have been selected to bring the Kalei into local supermarkets across Australia.
Vegetables

Forecast

In 2012–13, Queensland’s gross value of vegetable production is forecast at $1.119 billion, 6 per cent lower than 2011–12 but 8 per cent higher than the average for the previous 5 years.

Analysis and discussion

Queensland’s gross value of potato production is forecast at $54 million, the same as DAFF’s final forecast for 2011–12 but 2 per cent lower than the average of the past 5 years.

Following the improvement in water supply after drought-breaking rains over the past few years, some growers are planning to increase plantings by 10 per cent in the main potato growing regions this financial year. This could potentially lead to a similar fall in prices received.

The main potato growing areas are the Atherton and Herberton areas in Far North Queensland, the Burnett area north of Bundaberg and the Gatton area west of Brisbane.

Tomato GVP for 2012–13 is forecast at $243 million, 9 per cent lower than DAFF’s final forecast for 2011–12 but 17 per cent higher than the previous 5-year average.

Poor growing conditions in the Bowen region have resulted in a shortage of good quality tomatoes on the eastern seaboard of Australia, mainly supplying central Queensland at this time of year. This in turn has seen a sharp rise in tomato prices, which are expected to stay high for some time.

Half of Queensland’s tomato production occurs in the Bowen area, with some production in the Isis area around Childers.

The gross value of capsicum and chilli production in Queensland is forecast at $139 million for 2012–13, the same as DAFF’s final forecast for 2011–12 but 36 per cent greater than the average for the past 5 years.

Reasonable water availability is likely to result in an increased volume of production across the state. However, a slight reduction in prices is expected to be associated with this improvement.

As with tomatoes, the main areas for capsicum production are the Bowen and Isis areas. The main chilli production region is Bowen, with some grown in the Stanthorpe region.
The gross value of **sweet potatoes** is forecast at $52 million, which is 7 per cent lower than DAFF’s final forecast for 2011–12 and 1 per cent lower than the previous 5-year average.

Good ground preparation and growing conditions have produced a bountiful Queensland sweet potato harvest. However, this in turn has pushed the price down, meaning lower prices for consumers, but also for the grower.

Queensland produces 85 per cent of Australia’s sweet potatoes, with Bundaberg being the main growing area. Some sweet potatoes are also grown in Cudgen in northern New South Wales. All production is sold domestically.

**Other vegetables**

The gross value of **lettuce production** in Queensland in 2012–13 is forecast at $54 million, the same as DAFF’s final forecast for 2011–12 and 16 per cent lower than the average over the past 5 years.

The lettuce crop was down by nearly 15 per cent but this was matched by better than expected prices over the same period.

The Gatton, Esk and Cambooya areas are Queensland’s main areas of lettuce production.

Queensland’s gross value of **mushroom production** is forecast at $64 million, the same as DAFF’s final forecast for 2011–12 but 45 per cent higher than the average over the past 5 years.

The mushroom industry has experienced rapid growth over the past 4 years, driven by steady growth in market demand. However this growth is expected to level off over the next financial year.

The main two production areas for mushrooms are the Beaudesert and Stanthorpe districts, south-west of Brisbane, where almost 60 per cent of production occurs. Neighbouring districts, Isis (around Childers) and Burnett (north of Bundaberg), account for 12 per cent of production, while 9 per cent of production occurs in the Maroochy area.

**Watermelon production** in Queensland in 2012–13 is forecast at $36 million, which is slightly less than DAFF’s final forecast for 2011–12 and 6 per cent lower than the average from the previous 5 years.

The volume of watermelons is expected to be up on the previous year; however, the prices are likely to fall as a result.

A third of Queensland’s watermelon production occurs in the Bowen and Burdekin areas of Central Queensland. Smaller pockets of production are in the Chinchilla and Rosalie areas on the Darling Downs, as well as the Banana and Gatton districts.
Lifestyle horticulture

Forecast

The GVP of the production segment of the lifestyle horticulture industry in 2012–13 is forecast at $1.165 billion. This is a 2 per cent increase on DAFF’s previous year's estimate and is 6 per cent above the average for the past 5 years.

Analysis and discussion

Nursery production comprises both ornamental/landscaping production and the propagation of fruit and vegetable seedlings for commercial food production. Opposing trends in these two components of the nursery sector have resulted in a forecast gross value of the nursery production sector of $889 million in 2012–13, a 3 per cent increase in DAFF’s revised estimate for 2011–12 and 6 per cent higher than the average for the last 5 years.

Performance in the fruit and vegetable production sector is very strong at present. Blue skies, increasing temperatures and a forecast of drier conditions than previous summers are encouraging householders back into their gardens. Cautious spending trends are seeing consumers attracted to food-producing plants, with fruit and vegetable seedlings in large demand from retailers. The perceived sustainability and satisfaction of growing their own produce is appealing to consumers.

The ornamental and landscaping sectors continue to experience lacklustre performance, with the landscaping sector particularly sluggish. An uncertain economic climate and the continued downturn in the construction and infrastructure sectors are impacting on demand. As with the turf sector, government policies to reinvigorate the construction and infrastructure sector are being closely watched by industry; however, direct results from these policies are not anticipated for at least 2 years.

Rain and overcast conditions at the end of 2011–12 and a cool winter have resulted in poor growing conditions for parts of the ornamental sector, resulting in low stock supply. Demand from retailers is positive, but industry performance is constrained by supply. Producers are working to catch up with demand, with supply expected to recover in late spring. Demand from retailers is expected to stabilise once supply stocks are restored.

‘Big box’ retailers such as Bunnings are still important markets for industry, and are likely to continue to increase their share of the retail market. Price-conscious consumers are trending towards smaller, more immature products. Cheaper for the consumer, these products also have faster throughput times for producers. While immature product allows quicker turnover times for producers, it also impacts on pricing structures. Increasing operating costs, such as rising electricity and water costs, are reducing profit margins for producers across the sector.

The gross value of the turf production sector is forecast at $125 million for 2012–13. This is unchanged from DAFF’s revised estimate for 2011–12 but 9 per cent lower than the average for the last 5 years.

Persistent rain over the summer and autumn of 2012 significantly impacted production and harvesting, with a number of producers unable to access production areas for extended periods. Ideal spring growing conditions and a long-term forecast moving away from the La Niña weather conditions of recent summers will result in a strong production capacity.
Turf sales through garden centres and big box retail nurseries for do-it-yourself and lawn restoration works are buoying the turf sector in South East Queensland, although this trend is not being seen in North Queensland. Commercial activity and government investment in infrastructure remain the mainstay of the industry; however, this market is declining as governments, both state and local, reduce budgets and curb expenditure.

The sustained slump in the construction and infrastructure sector continues to negatively impact the demand for turf, particularly in South East Queensland and northern population centres. It is hoped that the Queensland Government’s recognition that the construction and agriculture sectors are two of the four pillars to rebuilding the Queensland economy will bring positive flow-on effects to the turf industry. The new First Home Owner Construction Grant of $15,000 for newly constructed homes or homes bought off the plan and the reinstatement of the principal place of residence transfer duty concession are expected to provide a much-needed boost to the construction sector. The fast-tracked release by the Urban Land Development Authority of housing development land in key mining districts will also stimulate the domestic construction sector in Queensland.

The gross value of cut flower production is forecast at $151 million for 2012–13. This is unchanged from DAFF’s revised estimate for 2011–12 but 23 per cent higher than the average for the last 5 years.

The competitiveness of Australian flower producers continues to be challenged by comparatively cheaper imports in the traditional cut flower market. Stagnant prices and increasing operating costs, such as labour, electricity and water, are reducing profit margins, with producers reviewing and revising business models to remain competitive.

High quality, diverse products paired with convenience for consumers is seeing supermarkets increase their share of the retail cut flower market. This increasing trend has benefited large flower producers with a greater capacity to supply this dominant retail market.

Cut flowers are often seen as a special occasion or luxury item, and this perception is echoed through the conservative spending of consumers. To address this, the Australian cut flower industry is set to launch a new marketing campaign to encourage consumers to purchase flowers more often, and to educate regular consumers on Australian-grown flowers. The aim is to better profile the industry and highlight the freshness and better quality of domestic-grown flowers in order to grow the Australian cut flower market from $380 million to $550 million in 5 years. The program will also focus on capacity building in the industry, to develop marketing capabilities and improve production technologies.
Other crops

Sugar cane

Forecast

The gross value of Queensland’s sugarcane production in 2012–13 (that is from the 2012 harvest) is forecast at $1.2 billion, which is 4 per cent higher than DAFF’s final estimate for 2011–12 (2011 crop) and 14 per cent above the average for the past 5 years.

Total revenue from the 2012 crop from Queensland, in raw-sugar equivalent, is expected to be $1.88 billion.

Analysis and discussion

Queensland’s sugarcane crop for 2012 is expected to recover after significant disruptions to sugarcane production during the 2010 harvest and subsequent flow-on impacts to the 2011 crop. The size of the 2012 season’s sugarcane crop for Queensland is expected to increase by 3.7 million tonnes to around 30 million tonnes. This forecast is due to an increase in the area harvested and higher sugar yields (CCS\textsuperscript{13} of about 13.5) aided by ideal weather conditions in the harvesting period so far.

Lower sugar prices in 2012–13 are forecast due to large closing stocks in 2011–12 and higher production than consumption in 2012–13. Queensland Sugar Limited’s (QSL) seasonal pool arrangement was replaced in 2012–13 by a harvest pool arrangement in response to marketing problems caused by the sugar production shortfall in 2010–11. QSL is forecasting its 2012–13 harvest pool return to be $462 per IPS\textsuperscript{14} tonne. While this is a decline from QSL’s final 2011 season pool of $518 per tonne, it is still higher than the 2010 actual price of $428 per tonne.

Industry situation

According to the September quarter forecasts from ABARES, world sugar production is expected to increase by 3.8 million tonnes in 2012–13 to a record 178 million tonnes. Increased production is forecast for Brazil, China, Mexico, Thailand, Australia and the US. In contrast, production of beet sugar in Europe is expected to be lower.

Higher world sugar production than consumption in 2012–13 is expected to lead to higher world closing stocks of sugar by nearly 6 million tonnes to 68.8 millions. If realised, this will increase the stocks-to-use ratio by 2.9 percentage points to around 40 per cent, the highest since 2007–08. The price cycle has also followed suit—declining as supply has risen.

Sugar output for Brazil, the world’s top producer, is estimated to rise by around 2 million tonnes to a record 40 million tonnes in 2012–13, rebounding from a second successive season of decline. After a turbulent beginning to the season, Brazilian mills are playing catch-up after a delayed start to the harvest. Weather is now ideal for crushing; however, there is some concern about the mills’ ability to harvest all the sugar cane in the field before the summer rains arrive.

For a second consecutive year, the Russian beet crop appears to be a bumper one; however, this has been tempered by the fact that production in other parts of Eastern Europe have suffered from continued dry weather. China’s sugar output is likely to rise by 10 per cent to 13.8 million tonnes in 2012–13, as local production has risen on the back of high domestic prices and favourable weather conditions for sugar cane.


\textsuperscript{13} CCS or Commercial Cane Sugar is a measure of sugar content.

\textsuperscript{14} International Polarity Scale.
Cotton

Forecast

The gross value of production for cotton for 2012–13 is forecast to be $640 million, 31 per cent lower than DAFF’s final estimate for 2011–12 but 36 per cent greater than the average over the past 5 years. The 2012–13 season still has very strong prospects based on very good water supplies.

Analysis and discussion

For 2012–13, the total area sown to cotton in Queensland is forecast to decrease by a third to 160 000 hectares. There is an anticipated 24 per cent decrease in average yields due to decreased irrigated cotton plantings, cotton lint production and cottonseed production. The cotton price per bale is expected to fall by 14 per cent to $420 per bale, but the cottonseed price is expected to remain constant at $175 per tonne. The irrigated cotton cropping area is expected to decrease by 33 per cent to 160 000 hectares across the state. This includes 55 000 hectares on the Darling Downs, 50 000 hectares in the St George – Dirranbandi region, 29 000 hectares in the Border Rivers region and 26 000 hectares in Central Queensland.

Improved water storages and rainfall

There has been a slight decline in irrigated water supplies in the Condamine, Border, Macintyre, Barwon and Moanie rivers regions since last year. However, there is still ample stored for irrigated growers. This is shown in Figure 11.

Domestic production

A forecast decrease in area sown by 33 per cent to 160 000 hectares in 2012–13 is estimated to decrease cotton lint production to 1 340 000 bales (304 180 tonnes), down 24 per cent from the 2011–12 level. Cottonseed production is also forecast to decrease by 24 per cent in 2012–13 to 441 061 tonnes from the 2011–12 level of 580 291 tonnes.
World production

As detailed in Table 12, China is the world’s largest cotton producer, yielding over 7 million tonnes in 2010–11 and accounting for 27 per cent of world production. The next largest cotton producers are India, the US and Pakistan, contributing 22 per cent, 13 per cent and 9 per cent respectively to world production. Although China is the world’s largest producer of cotton, it is also a net importer, possessing a large share of global cotton mills, and is the biggest manufacturer of cotton textiles. China is forecast to import 2.9 million tonnes of cotton in 2012–13. The US, although producing less than 50 per cent of Chinese production in 2011–12, is the world’s largest cotton exporter, and is forecast to export 2.6 million tonnes of cotton in 2012–13, accounting for around 32 per cent of global exports.

Table 12 World production of cotton, 2011–12

<table>
<thead>
<tr>
<th>Producer</th>
<th>Production (‘000 tonnes)</th>
<th>Share of world production (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>7294</td>
<td>27</td>
</tr>
<tr>
<td>India</td>
<td>5770</td>
<td>22</td>
</tr>
<tr>
<td>US</td>
<td>3391</td>
<td>13</td>
</tr>
<tr>
<td>Pakistan</td>
<td>2308</td>
<td>9</td>
</tr>
<tr>
<td>Brazil</td>
<td>1894</td>
<td>7</td>
</tr>
<tr>
<td>Australia</td>
<td>1067</td>
<td>4</td>
</tr>
<tr>
<td>Total world production</td>
<td>26709</td>
<td>100</td>
</tr>
</tbody>
</table>

n.b. not all cotton producers are represented in the table.


International supply and demand forces

The latest information from the United States Department of Agriculture (USDA) indicates that the world supply is expected to increase slightly. However, consumption is expected to be lower and, therefore, as a result the ending stocks are expected to be higher at 74.7 million bales, 6.9 million higher than last year. In 2012–13, USDA predicts that the global cotton trade will fall to 37.2 million bales, down from last season’s record 44.3 million bales.

For the major world importers, USDA forecasts the following changes for 2012–13:

- **China** to decrease imports by 500 000 bales to 13 million bales
- **Malaysia** to raise imports by 200 000 to 1 million bales.

Changes to rates of cotton exports by most major exporters are also forecast for 2012–13:

- **Australia** to reduce exports by around 100 000 bales to 4.4 million bales on lower import demand in China
- **Brazil** to reduce exports by 100 000 bales to 3.9 million bales on lower import demand in China
- **India** to reduce exports to only 3.7 million bales down from last year’s 10 million bales.

As at August 2012, global cotton imports for 2012–13 are forecast to be 8.14 million tonnes. Global closing stocks are expected to be 15.76 million tonnes. Total global production is projected to be 24.78 million tonnes, slightly greater than the consumption of 23.73 million tonnes.
Other major field crops

Chickpeas

Forecast

The gross value of **chickpeas** in 2012–13 is forecast to be $157 million, 3 times higher than DAFF’s final estimate for 2011–12 and nearly 1.5 times the average for the last 5 years.

Analysis and discussion

Areas sown in the main Queensland chickpea growing areas of Central Queensland, Darling Downs and West Downs have all increased dramatically in the 2012–13 autumn compared to the year previous. This was partly due to relatively poor wheat prices at planting time, in April to May 2012, and robust chickpea prices, which averaged $520 per tonne. Further boosting plantings has been the introduction of new disease-resistant chickpea varieties. Area sown is estimated to have increased by 187 per cent on the previous season, from 70,500 hectares to 202,000 hectares in the September quarter of 2012–13.

Yield and production

Yields are forecast to fall by 16 per cent on last season. Even though planting conditions were favourable for the 2012–13 season, soil moisture was well above average at planting time in 2011–12, due to very high rainfall in that season. Planting starts the last week of April for Central Queensland and up to the last week of May on the Darling Downs. Despite the fall in yields, they will still be above the long-term average. Harvest takes place between the second week of October to late November on average for Queensland. Achieving above-average yields will depend on atmospheric conditions remaining relatively cool and dry up until harvest, to minimise disease and maximise grain fill. Despite lower yields this season, the dramatically increased area sown is estimated to increase production markedly on 2011–12, by around 140 per cent, to 313,000 tonnes.

Price

Over the past 3 years since 2009, chickpea prices have mostly stayed in the high $400s per tonne. Continuing high demand for pulse crops by India and Pakistan has sustained import demand and prices. This has been partly due to a growing population and taste preferences in human diets. Thus far in 2012, India and Pakistan have experienced just average crops. The monsoon season, which occurs in India in July, has been late arriving and dry, supporting import demand. The average price of chickpeas per tonne received by Queensland growers is estimated to be $500 per tonne as at the September 2012–13 quarter. This represents a 14 per cent increase on the price of $440 per tonne received in the March 2011–12 quarter.

However, maintaining current prices will depend on whether the Australian dollar appreciates further against the Indian rupee, which could mean Queensland growers receive fewer Australian dollars per tonne. Conversely, tight global supplies of wheat and coarse grains (particularly corn) are indirectly supporting chickpea prices. Globally, because chickpea meal is also used as a stockfeed, some switching from corn to chickpeas is expected.
Peanuts

Forecast

The gross value of **peanut production** in 2012–13 is forecast to be $26 million, a decrease of 24 per cent on DAFF’s final estimate for 2011–12 and 3 per cent lower than the average for the last 5 years.

Analysis and discussion

**Area sown**

The area of peanuts sown for the 2012–13 season is forecast to remain the same as for the 2011–12 season, at 9500 hectares.

**Yields and production**

The 2012–13 summer peanut growing season could, in soil moisture terms, lie between neutral and drier than normal. Despite this, as at August 2012, irrigation storages are reportedly full. Peanut yields however will depend on the allocations of peanut sowing to dryland or irrigated crops. For both types of peanut areas, adequate rain prior to planting (October to December) will be required to boost soil moisture profiles to achieve reasonable yields.

Assuming average seasonal conditions apply to 2012–13, average yields are forecast to be 25 per cent lower than the above-average yields of 4 tonnes per hectare estimated for the 2011–12 season, which were spurred by high soil moisture. Ideally, yields are maximised when consistent rainfall combines with intermittent sunlight. Under inadequate soil moisture, peanut pods cannot develop at an optimal rate.

A return to average yields combined with constant area sown is predicted to reduce production by 25 per cent to 28 500 tonnes for 2012–13, down from 38 000 tonnes the year previous.

**Price**

The price of peanuts is assumed to remain the same over the 2012–13 season as for the season previous, at $900 per tonne, high by historical standards.

In the US for 2012, lower cotton prices have seen growers switching to peanuts, with peanut production reportedly increasing to 2.5 million tonnes, a 46 per cent increase on the 1.8 million tonne crop of 2011. This has eased a supply shortage of peanuts globally over 2011–12, which had been exacerbated by a smaller than average peanut harvest in Argentina, which occurs in April to June. The increased US harvest may put some pressure on global peanut prices into 2013, affecting the prices received by Queensland growers.

**Risk to area sown**

There is some downside risk to the forecast area sown to peanuts in Queensland. The US drought in the Midwest has lifted coarse grain and wheat prices. If supply relief in grains is not received to the end of 2012, grain prices may continue at current high levels. Strong coarse and white grain prices mean that summer crops such as sorghum and maize will remain competitive crops to grow by grain farmers in Central Queensland. This may put some pressure on area sown to peanuts.
Soybeans

Forecast

The gross value of soybean production in 2012–13 is forecast to be $22 million, 72 per cent greater than DAFF’s final estimate for 2011–12 and 46 per cent higher than the average for the last 5 years.

Analysis and discussion

Price and area sown

Due to the worst US drought in 50 years, corn and soybean crop production there have been significantly downgraded, driving prices of these grains higher. US corn and soybean yields have fallen by greater than expected. Global soybean stocks are reportedly low, and soybean prices are historically high, which will likely encourage record plantings of new season crops in South America.

Over 2012–13, global oilseed consumption for vegetable oil is forecast to rise 6 per cent to 37.5 million tonnes\(^{15}\), driven by growth for cooking oil in developing countries and strong demand for biodiesel. Oilseed consumption for protein feed meal is expected to increase 4 per cent to 263 million tonnes, due to high demand from livestock and aquaculture in China, and pork and poultry production in Brazil and India.

The price of soybeans has increased by over 40 per cent in the September quarter 2012–13, to $675 per tonne, from $480 per tonne in the March 2011–12 quarter. This is equivalent to the high experienced in the March 2010–11 quarter.

The higher price, if maintained into the December 2012–13 quarter, is anticipated to increase area sown by around 10 per cent, taking area sown to 15 950 hectares, up from the estimate of 14 500 hectares in the March quarter for 2011–12.

It is important to note that many producers of soybeans also produce sugar cane, and use soybeans as a rotational crop with nitrogen fixing legume benefits. As a rotational crop, soybeans are often ploughed back into the soil for green manure to be used on farm and not as grain for sale. However, presuming that a firm price of soybean meal is on offer at harvest time ending summer and into autumn, farmers may elect to harvest soybeans for grain and not for manure. The leguminous benefits of soybeans will also be a factor in at least maintaining plantings for 2011–12.

Yields and production

Yields are forecast to be average for the 2012–13 season, at around 2 tonnes per hectare.

In response to the larger area sown, production is forecast to also increase 10 per cent, to 31 900 tonnes, up from the March 2011–12 estimate of 29 000 tonnes.

Soybean market

Up until the late 1990s, around 50 per cent of Australian soybeans were crushed for oil, 25 per cent went to livestock feed as full-fat meal, and 25 per cent were used for human consumption in the form of tofu, soy milk and whole edible soybeans. However, over the last decade the human edible soy sector has increased with more soybeans going to this market.

The majority of Queensland soybeans still go to the crushing market. Australian soybeans have to compete with US and Canada produced soybeans when there are sufficient supplies for the export market; however, this is for crushing beans. The Queensland soybean industry has significant economic potential in larger soybean varieties, which are sold for niche human consumption in the

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form of tofu and whole edible soybeans. This potential is apparent in the Japan, Taiwan, Thailand, Singapore and Indonesia export markets. In these markets, particularly Japan, a price premium well above average export crushing prices can be commanded. Australia also has a reputation for non-GM soy crops, an excellent food safety record, and high quality. Australia particularly has an export opportunity in view of the expansion of GM crops in major soybean producing countries.

Sunflowers

Forecast

Sunflower seed GVP is forecast to be $12 million in 2012–13, which is 28 per cent higher than DAFF’s final estimate for 2011–12 but 25 per cent lower the average for the last 5 years.

Analysis and discussion

Area sown and production

As at the September 2012 quarter, the estimates for sunflower area sown and production for the 2011–12 crop have been revised upward from the March quarter estimate. Area sown was up around 115 per cent to 26,500 hectares from 12,250 hectares, yields were 14 per cent down, but overall production was up 87 per cent to 30,500 tonnes from the original 16,333 tonnes.

A late crop was sown in central Queensland for the 2011–12 season in April 2012, harvested in July. This consisted of 16,300 hectares of mono-unsaturated sunflowers in Central Queensland, and 200 hectares of polyunsaturated variety, giving 16,500 hectares in central Queensland total, yielding 18,000 tonnes. In southern Queensland, 10,000 hectares of sunflowers were sown for 12,500 tonnes. This was due to the high price at planting time of sunflowers relative to summer cereal grains such as sorghum, which was at around $200 per tonne, low by historical standards. Another factor spurring the late planting was favourable soil moisture conditions.

Further, in past years, tobacco streak virus has limited crop production in central Queensland. This was less of a limiting factor in 2011–12. The oilseed price will likely remain at levels which will attract growers over the 2012–13 summer.

Due to higher cereal crop prices for the 2012–13 summer (wheat at $302 per tonne, sorghum at $260 per tonne), it is anticipated there will be more competition for sunflower area sown. Consequently, the area of sunflowers will likely be lower and closer to average, falling 25 per cent to 20,000 hectares in 2012–13, from an estimated 26,500 hectares in 2011–12.

A dry weather El Niño pattern is forecast for 2012–13, which is expected to affect main sunflower growing areas. Yields are therefore anticipated to fall slightly, by 11 per cent. This combined with the lower area sown is estimated to lower production by 32 per cent, from 30,500 tonnes in 2011–12 to 20,591 tonnes for the new financial year.

Domestic price

Price is expected to average around $560 per tonne for the crop mix of polyunsaturated variety and the higher-valued mono-unsaturated variety. This represents a 2 per cent increase on the March 2011–12 quarter estimate of $551 per tonne. Global oilseed prices are expected to be maintained due to a poor 2012 US soybean crop, and continuing strong demand for biodiesel in the EU and soybean meal in China. Even though soybean oil and sunflower oil are not perfect substitutes for each other, some degree of substitution is possible in cooking. Further, because sunflower is an oilseed, its price tends to follow the world soybean price (cif, Rotterdam).

There is, however, some downside risk to the sunflower price received by Queensland growers. First, in response to the poor US soybean crop in 2012, South American plantings of soybeans are increasing, spurred by the global oilseed price rise. This might increase global soybean supplies overall, dampening prices into 2013. Second, the Australian dollar is strong in US dollar terms. Further appreciation of the Australian dollar may prompt some increase in sunflower seed imports, which could place some downward pressure on domestic sunflower prices.
Winter cereal grains

Wheat

Forecast

Wheat gross value of production for 2012–13 is forecast to be $574 million, 72 per cent higher than DAFF’s final estimate for 2011–12 and 60 per cent above the average for the past 5 years.

Analysis and discussion

Area sown

The area sown to wheat in Queensland is estimated to have increased slightly, by around 2 per cent to 899 000 hectares, from an estimate of 879 449 hectares in the March quarter for 2011–12. While soil moisture conditions were favourable in most planting areas around March to May, average APW price per tonne offered was around $230 to $240, which was not particularly attractive to growers. APW is a hard-grained multipurpose milling wheat. As a result, area sown to wheat was not as high as it could have been. Further, land areas for livestock have been competing with area sown to wheat in 2012.

Yields

Most wheat areas in central Queensland have yield expectations greater than 40 per cent above the long-term average, and yield expectations for south-west Queensland are up to 20 per cent above the long-term average. By contrast, yield expectations for southern Queensland are 20 per cent below the long-term average. Overall for Queensland, there is a good chance of an above-average yielding crop being achieved.

Production

A slight increase in area sown coupled with a 20 per cent forecast increase in yields is estimated to increase production by nearly a quarter, or 24 per cent, to 1 920 540 tonnes, up from the 2011–12 estimate of 1 539 036 tonnes. The 2012 winter has been dry with minimal disease. The dry conditions mean that wheat grain ripens more quickly, consequently laying down less starch relative to protein, producing relatively higher protein prime hard grains for human consumption. This means there will be potentially less feed grain for livestock producers.

Domestic wheat price

Due to the worst US drought in 50 years, corn and soybean crop production there have been significantly downgraded, driving prices of these grains higher. Because wheat can be substituted to an extent for corn and soybeans as a feed grain, these production shortfalls have been supporting wheat prices. This is despite the US spring wheat crop reportedly having high quality and yields. An additional factor supporting global wheat prices are deteriorating crop yields in the Russian Federation, Kazakhstan and Ukraine. Dry conditions are prevailing in the Black Sea – Caspian region; government intervention in response to this, by way of export bans or reductions, will further support global wheat prices.

Contrary to these upward price forces, weak economic conditions in the US and EU, along with slowing growth in China, have dampened global commodity markets. Overall however, forecast lower wheat and coarse grain production levels in the US and Russia is serving to buoy global grains prices.

Dry conditions in Western Australia are also reducing the potential wheat crop there, further providing global price support. Lower than average yields are expected in South Australia and Victoria, the two other key Australian wheat-growing states. As wheat prices globally increase, countries heavily reliant on grain for stockfeed will look to substitute cheaper feeds such as sorghum and high-protein alternatives such as chickpeas.
These global wheat supply concerns pushed wheat prices on the Australian Securities Exchange 18 per cent higher during July to $316 per tonne from $268 per tonne at the beginning of the month. However, global price support for grains flowing through to Australian grain growers will be tempered by any further appreciation of the Australian dollar against main trading partners, particularly the US dollar, the currency in which many global commodities including wheat and sorghum are denominated.

For the September 2012–13 quarter, average APW price in Queensland is $302 per tonne. This represents a 31 per cent increase on the price received in the March 2012 quarter of $230 per tonne.

### Barley

#### Forecast

The gross value of Queensland barley production for 2012–13 is forecast to be $41 million, 9 per cent lower than DAFF’s final estimate for 2011–12 but 4 per cent above the average for the past 5 years.

#### Analysis and discussion

**Area sown**

The area sown for the 2012 crop is estimated to have increased 16.5 per cent to 81,667 hectares, from the estimate of 2011 at 70,000 hectares. This is despite the price of barley being lower before planting in 2012 (March at $197 per tonne) than the price before planting in 2011 (March at $239 per tonne). One possible reason is that in 2011 especially good subsoil moisture along with cool temperatures would have encouraged plantings, along with low rainfall which aided sowing. Planting takes place between the end of April until late June–July, with the ideal period occurring between the last week of May to mid-June.

**Yields**

For 2011 good subsoil moisture and cool temperatures boosted yields. Good rainfall levels in August boosted crop fill. Rain was not excessive which contributed to good quality. This created the conditions for good grain fill but minimal disease. As a result, yields were estimated to be over double the 5-year average.

However, overall growing conditions are expected to be closer to average for the remainder of the season. As a result, average yields are forecast to be around 1.9 tonnes per hectare, around 38 per cent below the high yields in 2011, but still above the 5-year average by 32 per cent.

Yields will depend on soil moisture being adequate and temperatures not being too hot leading up to harvest in October to the end of December. Excessively wet conditions and hot temperatures can cause disease and reduce yields. If conditions are too dry, there is inadequate grain fill by the barley plant, causing high screenings (smaller than average grain size) which make grain milling difficult for livestock feed. Wet weather just before harvest can also cause grain sprouting. This is not an issue for feed quality barley, but it does adversely affect malting barley price.

**Production**

As a result of closer to average yields, barley production is forecast to fall by around 28 per cent to 156,000 tonnes in 2012, down from the big harvest of 2011 at an estimated 217,000 tonnes.

**Domestic price**

As a result of shortfalls in world coarse grain and white grain supplies in the northern hemisphere, barley price has increased correspondingly, by 33 per cent to $262 per tonne in the September quarter 2012. This compares to the March 2012 estimate of $197 per tonne. Please see the sorghum and wheat reports for global market movements.
Summer cereal grains

Grain sorghum

Forecast

The gross value of sorghum production is forecast to be $429 million for 2012–13, which is 47 per cent higher than DAFF’s final estimate for 2011–12 and 22 per cent higher than the average for the last 5 years.

Analysis and discussion

Area sown

Sorghum has to compete with cotton on price as a crop to grow for farmers. With a lower cotton price ($420 per bale, $1927.8 per tonne) and a sorghum price of $260 per tonne, sorghum may be a relatively more attractive crop to grow. In the September quarter 2011, the cotton price at $490 per bale ($2249.1 per tonne) commanded a greater premium over the sorghum price at $225 per tonne received. Hence the incentive to plant cotton prior to the last summer crop season would have been greater.

Yields and production

Assuming that mild El Niño conditions prevail, there is a chance that soil moisture could be less than adequate for optimal crop growing and grain filling conditions during the months October to April. Further, yields were well above average for the 2011–12 season due to favourable soil moisture conditions at planting, cool conditions over January 2012 and a weak La Niña providing consistent rainfall. As a result, a 36 per cent reduction of yields is forecast for 2012–13 compared to 2011–12, reflecting a return of yields closer to average.

Domestic price

As at the last week of August, sorghum prices rose a further $5 per tonne to $265, making sorghum only $30 per tonne behind feed wheat (at Brisbane Port). Areas being prepared for plantings of sorghum and cotton are reportedly significant by observation. This may be partly due to very favourable sorghum prices and also a good subsoil moisture base from autumn and winter rains. The current sorghum price is around 30 per cent above the $200 per tonne received in the March 2012 quarter.

World coarse grain prices have increased dramatically over 2012, due to a drought-affected corn crop in the US, which partially impacted the US winter wheat crop. Further, winter kill conditions affected winter wheat production in the Black Sea countries including the Russian Federation and the Ukraine, with dry conditions affecting spring plantings of wheat. Due to increased corn prices, feed wheat has been increasingly substituted for corn to livestock industries, contributing to increased wheat prices. Because global wheat prices have increased, along with corn prices, demand for partially substitutable and relatively cheaper feed grains such as sorghum and chickpeas has increased, driving up their demand and hence prices.

A further factor supporting Queensland coarse grain prices is that Australian wheat production is forecast to fall by 18 per cent in 2012–13 to 24 million tonnes, due to smaller area sown as a result of lower wheat prices, and a return to more average yields. This has been exacerbated by poor rainfall and soil moisture in Western Australia, the largest wheat producing state.
Maize

Forecast

The gross value of maize production for 2012–13 is forecast to be $55 million, 20 per cent higher than DAFF’s final estimate for 2011–12 but 19 per cent below the average for the past 5 years.

Analysis and discussion

Area sown, yields and production

The average price of maize as at mid-September is around $260 per tonne, approximately on par with that of sorghum, which will make maize a competitive crop to grow in areas such as the Darling Downs and central Queensland. However, the areas sown will also depend on adequate rainfall being received at planting time (October to January), and into the growing phase of the crop. Maize areas comprise a combination of dryland and irrigated production. For the dryland areas, subsoil moisture should be adequate for planting due to consistent rainfall up until the end of July. However, adequate follow-up rains will be required for adequate grain fill to occur. Maize is a more water-demanding crop than sorghum. Drier El Niño conditions are expected for the 2012–13 summer (see sorghum and sunflower reports), and this will be a factor considered by growers in choosing between maize and sorghum plantings (sorghum being a relatively drought-tolerant crop).

Due to highly favourable soil moisture conditions for the 2011–12 maize crop, area sown and yields were well above average. Area sown was also spurred by the maize price premium above the sorghum price. For 2012–13, area sown is forecast to be 17 per cent lower at 50,000 hectares, from the high of 60,000 hectares in the season previous, although the current forecast is still above the 5-year average underpinned by the favourable maize price. Yields are expected to fall also, by 26 per cent in line with average levels due to anticipated drier conditions through the growing crop phase. Due to a smaller area sown and lower yields, production is forecast to be 38 per cent lower, at 212,500 tonnes for 2012–13. This compares to the bumper crop of 2011–12, estimated at 345,000 tonnes.

International maize production, demand and price

For 2012–13, world maize production is likely to remain below consumption, especially given the significantly smaller drought-affected US maize crop. This has driven world maize and coarse grain prices higher. Firm demand will help maintain high prices. The International Grains Council estimates global consumption to rise to 884 million tonnes from 871 million tonnes. This is attributed to higher feed use at 502 million tonnes, up from 490 million tonnes. Increasing demand for meat in Asia, Latin America and Africa is driving feed use. The largest maize exporters globally are the US, followed by Argentina and the Ukraine.

The Queensland maize crop comprises about 40 per cent of higher-valued grit-maize for human consumption, which goes to, for example, breakfast cereal. In this end use, smaller niche markets exist also for snack foods and starch extraction. The majority of Queensland maize is used locally as stockfeed, such as earlage (prepared fodder for silage), husks, cob, grain and stalks. These can be used for growing and finishing beef cattle, and to feed lactating dairy cows.

Currently pasture growth in many beef growing areas in Queensland is plentiful. This means that less cattle will be finished in feedlots, potentially reducing demand for feed grains, as feedlots will be operating at below capacity. However, due to the small size of the Queensland maize crop relative to feed demand, it is anticipated that all feed quality maize will be absorbed by the local feed grain market. In line with this factor, and the increase in world coarse grain prices, the price of maize is estimated to have increased 12 per cent, to $260 per tonne, from the $233 per tonne as at the March 2011–12 quarter.
Fisheries

Fisheries are forecast to contribute $436 million to Queensland’s economy during 2012–13, 1 per cent less than last year’s DAFF estimate but 7 per cent greater than the average over the last 5 years. This forecast is comprised of contributions from:

- fisheries managed by Fisheries Queensland—$175 million
- fisheries managed by other agencies—$85 million
- aquaculture—$103 million
- recreational sector—$73 million.

Queensland fisheries

The Queensland commercial fishing sector operates across a number of fisheries managed by agencies governed by both state and Commonwealth legislation.

Fisheries Queensland aggregates commercial catch data for the fisheries it manages on the basis of three main sectors, namely crustaceans, finfish and molluscs. The crustacean sector is comprised of the total catch of prawns, bugs, crabs and tropical rock lobster while the finfish sector is made up of inshore finfish and offshore finfish. The mollusc sector is made up of the total catch of scallops and squid.

Figure 12 indicates the output for fisheries managed by Fisheries Queensland for the individual groups within sectors for the last nine financial years together with a prediction of expected output for the 2012–13 financial year based on regression and trend analysis.

Even though the actual catch of the major fisheries has declined to some extent over the most recent financial years, the trend analysis suggests that a return to more normal operating conditions should see a stabilisation in the output of most fisheries.
The GVP for the same fisheries is shown in Figure 13. This figure also indicates a prediction for the 2012–13 financial year based upon recent price trends.

Figure 13 Queensland fisheries GVP by major groups including an estimate for 2012–13

Figure 14 indicates the GVP for the major sectors managed by Fisheries Queensland plus the total GVP. Note that the value of output for Queensland fisheries over time has not been adjusted for the impact of inflation on the purchasing power of the prices paid and received.

Figure 14 Sectoral output for fisheries managed by Queensland Fisheries including a prediction for the 2012–13 financial year

Although the total catch of prawns (by weight) in any year is not significantly greater than the catch of the other major species, the contribution of prawn fisheries to the GVP of fisheries in Queensland is generally double the contribution of any other species or group of species.
This important sector is likely to continue to be challenged by both internal and external factors. ABARES\textsuperscript{4} reported that operating costs in the Commonwealth-managed Northern Prawn Fishery rose significantly over the two financial years 2009–10 and 2010–11. Fuel rose 21.8 per cent and labour (including owner and family labour) 9.9 per cent, materials 12.2 per cent, services 10.6 per cent and repairs and maintenance 13.2 per cent. It is likely that most Queensland fisheries experienced similar cost increases. These internal factors together with external factors such as prices and stock variability will continue to affect the economic returns earned in Queensland fisheries.

**Overall fishery status and economic returns**

The approach of various agencies and governments in Australia to managing fisheries is to maintain fish stocks at ecologically sustainable levels and, within this context, maximise the economic returns to the Australian community.\textsuperscript{17} There is also a need to have regard for the impact of fishing activities on non-target species and the long-term sustainability of the marine environment (Fisheries Management Act 1991).

The *Fishery status reports 2010*\textsuperscript{18} provides an independent review of the biological status of fish stocks and the economic status of fisheries managed, or jointly managed, by the Australian Government. The reports assessed 96 fish stocks across 22 fisheries and found that the assessed fisheries in northern Australia were generally in very good biological health that had improved over recent survey periods.

The real value (i.e. inflation adjusted) of the total Australian fisheries production has declined by 31 per cent since 2000–01, reaching $2.18 billion in the financial year 2009–10. Both total Australian and Queensland’s share of the total GVP have been relatively stable since 2005–06 with some fisheries showing a recent improvement in financial and economic returns.

For example, the Northern Prawn Fishery generated a GVP of $88.8 million in 2009–10, the highest production value for a single-method Commonwealth fishery, and is also a significant contributor to the GVP for Queensland fisheries. It was also the first fishery in Australia to use biomass at maximum economic yield (MEY) as its management target.\textsuperscript{19}

Figure 15 details the net economic return (NER) to the Northern Prawn Fishery since 2000–01 and indicates the turnaround in the profitability of the fishery since 2004–05.

\begin{figure}[h]
\centering
\includegraphics[width=\textwidth]{fig15.png}
\caption{Real net economic returns in the Northern Prawn Fishery 1992–93 to 2009–10 plus estimate for 2010–11.}
\label{fig15}
\end{figure}


\textsuperscript{17} DAFF (2007), *Commonwealth Fisheries Harvest Strategy: policy and guidelines*, (Australian Government Department of Agriculture, Fisheries and Forestry), Canberra.


NER reveals economic profitability because it incorporates depreciation costs, the opportunity cost of capital and of labour, and treats all interest and leasing expenditure as an economic return to external investors in the fishery. It is considered a more accurate indicator of fishery-level economic performance.

Survey results for the Northern Prawn Fishery show that favourable stock fluctuations and management settings have turned a negative NER into positive returns in recent years. The survey indicates the average rate of return to full equity across the fishery increased from 6 per cent in 2008–09 to 8 per cent in 2009–10. The rate of return to full equity includes the value of quota and licences in addition to other capital, and therefore provides an indication of the return to total capital invested in the business.

This return to fishery profitability has been in spite of less valuable banana prawns now making up a much higher proportion of the fishery’s revenue (67 per cent in 2009–10), a higher exchange rate and greater competition on international markets causing prawn prices to now be far lower in real terms. Prices for tiger prawn in 2009–10 were $21.03 per kilogram (49 per cent lower than in 2000–01 in real terms) and banana prawn were $10.59 per kilogram (41 per cent lower in real terms).

**Aquaculture**

**Forecast**

The gross value of the Queensland aquaculture industry is forecast to be $103 million in 2012–13. This is 11 per cent greater than DAFF’s final estimate for 2011–12 and 14 per cent greater than the average over the last 5 years.

**Analysis and discussion**

The aquaculture industry has nearly recovered from the damage (infrastructure, stock losses and supply lines) that resulted from Cyclone Yasi and the central and south-east Queensland floods of 2010–11. This recovery has proven to be a slow process with the current estimate for 2012–13 placing the value of the industry back up to its peak pre-cyclone value of $103 million.

Prawn farming remains the largest sector of the Queensland aquaculture industry. Prawns were one of the sectors most significantly affected by the adverse summer weather events of 2010–11. In 2012–13, the farm-gate value of prawns is predicted to reach $70 million. This would represent a 9 per cent increase on the estimated 2011–12 value of $63.8 million and would place the value of the industry at just 4 per cent below the record-breaking prawn harvest of $73 million achieved in 2009–10.

Barramundi, the second largest sector, has maintained strong growth over recent years. In 2012–13 the barramundi farming sector is predicted to achieve its best ever production with an estimated value of $25.6 million. This would represent a 15 per cent increase on the estimated 2011–12 value of $22.4 million and would be 23.7 per cent above the pre-cyclone value of $20.7 million.

Freshwater fish production (primarily silver perch, Murray cod and jade perch) also appears to be increasing steadily in value (approximately 15 per cent per annum over the last 2 years) with an estimated value of $3.1 million for 2012–13.

All other major sectors of the aquaculture industry, such as the hatchery and aquarium sectors, eels, red claw and oysters, are expected to achieve slight increases, both in production and value, on what was produced in the previous year.

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Forestry

Forecast

The GVP of the forest-growing sector of the Queensland forest industry for 2012–13 is forecast at $175 million. This is 7 per cent lower than DAFF’s final estimate for 2011–12 and 2 per cent lower than the average for the last 5 years.

DAFF also estimates that the first-round processing sector of the Queensland forest industry will contribute $361 million to the Queensland economy in 2012–13. This means that, when combined, the forest-growing and first-stage processing sectors of the Queensland forest industry are forecast to directly contribute $536 million of economic activity to Queensland in 2012–13.

Analysis and discussion

The lower final estimate for 2011–12 and the forecast negligible growth for activity in the Queensland forest industry in 2012–13 is a reflection of the continued difficult market conditions that have prevailed in recent years for timber products.

Future market prospects for the forest industry are closely linked to activity in the housing and construction sector. Queensland industry sources suggest that about 70 per cent of Queensland’s sawn timber is used by the residential construction sector, which aligns with national estimates that the residential construction sector uses more than 70 per cent of locally produced sawn timber.

The difficult market conditions experienced in the last financial year 2011–12 are demonstrated by the lower housing commencements for Queensland totalling only 25,478, down 14 per cent on the year before. This continues a downward trend for commencements over the previous four financial years, dropping an average of 10 per cent per year (Figure 16).

![Figure 16 Queensland dwelling commencements](source: HIA 2012 – Housing Industry Association media release New home sales off to a weak start in 12/13 28 August 2012.)

Nationally, new home sales show a downward trend for most of 2011–12, although with some levelling off from around March 2012, and Queensland is expected to have mirrored this pattern. Housing Industry Association information shows a lift in new home sales in the state for the start of 2012–13 with an 11 per cent increase for July 2012, although monthly data are inherently volatile.
Forward indicators also provide some positive signals for the forestry-growing and first-round processing sectors. Total dwelling units approved in Queensland show a slight upward trend for 2011–12, with the trend estimate for private-sector house approvals going into 2012–13 increasing marginally (0.6 per cent) for the month of July 2012.

Another positive indicator is the state’s population growth rate, which is increasing with interstate migration reportedly picking up after 2 years of slowing growth. Queensland Treasury projects that the state’s population will grow at an average of around 2 per cent per year for the period 2011 to 2016.

Dwelling occupancy however remains historically high, as a result of low affordability in the past, and industry participants view this as another dampener for housing demand. The Housing Industry Association notes that the situation could be improving with national housing affordability indicators showing a steady improvement from 2010–11.

The proportion of detached housing being built nationally is dropping significantly, which likely translates to a lessening demand for timber per average dwelling being constructed. Assuming a similar pattern for Queensland would equate to a decrease in the amount of sawn timber used in residential construction on an average dwelling basis.

To summarise, factors giving upward pressure on timber demand in the residential housing construction sector are the recent upturn in new home sales and approvals, an increase in population and improving housing affordability. Factors putting downward pressure on timber demand in the sector are the higher density of occupants in housing and the lower proportion of detached housing in the new dwelling structure mix. On balance it is estimated that the sustained fall in timber demand in the sector for Queensland over the last 5 years has likely started to slow and is possibly flattening.

In addition to being affected by cycles in building activity, sawn timber production in Queensland is also impacted by the balance of imports and exports of sawn timber into and from the state, including interstate trade. The latest available information on imports from the Australian Bureau of Statistics gives 192 000 cubic metres of sawn wood imports for 2010–11, with a downward trend in total imports indicated, which is likely to be reflective of the reduced activity in housing construction. However the bulk of sawn wood imports is dressed coniferous timber, for which imported volumes have been trending up despite the downturn.

The direction of the forest-growing sector in Queensland is largely determined by sawn timber demand, with by far the largest volume produced from the processing of coniferous (southern pine and araucaria) plantation logs. Trends observed in coniferous log production are expected to parallel trends observed for the overall GVP. Estimates of coniferous sawn wood production for the period 2003–04 to 2010–11 suggest a downward trend, although an easing of the observed trend could be possible, consistent with the deductions made above for timber demand.

Log production information for the period 2003–04 to 2010–11 also shows a downward trend for both coniferous and hardwood logs. Additional information for state hardwood production running into 2011–12 shows a continuation of this downward trend, which could be indicative of the current situation in the overall forest-growing sector, although DAFF are forecasting some turnaround with a 5 per cent increase in log volume sales for 2012–13. DAFF reports that 201 000 cubic metres of state-owned native forest log timber was sold in 2011–12, a 10 per cent decline on the result in the previous year.

Latest log price information from ABARES shows an upward trend for coniferous log prices to 2010–11; however, recent information for the first-round processing sector shows a softening over the last 18 months for major softwood structural products, suggesting lower log prices. Hardwood log prices to 2010–11 showed a downward trend; however, recent information shows that kiln-dried structural hardwood and hardwood flooring products, including spotted gum flooring, have increased in price over the last 6 months.

To address issues in the forest-growing and wood-processing sectors, the Queensland Government is developing a forest and timber industry plan in conjunction with industry to identify challenges and opportunities. The plan will develop strategies and implement actions to respond to these challenges and opportunities to ensure that the forest and timber industry remains vibrant, sustainable and globally competitive.
A note about forest industry data sources

Prior to September 2007, Prospects used the reported turnover of Australian and New Zealand Standard Industrial Classification (ANZSIC) Group 231 (Log sawmilling and timber dressing), as defined and measured by ABS in their survey of manufacturing, as an indicator of the gross value of forest industry activity in Queensland. However, while these data do separately report the forest-growing sector, they exclude some elements of the first-stage processing sector and they also contain some elements of double counting.

Queensland AgTrends now uses data produced by ABARES in its biannual Australian wood and forest products statistics publication about the value of log production (gross value of logs delivered to the sawmill door or wharf gate) as an estimate of the gross value of the forest growing sector in Queensland. This, together with estimates of the ‘value added’ to intermediate inputs of ANZSIC Group 231 and ANZSIC Code 2321 (Plywood and veneer manufacturing), provides an overall estimate of Queensland forest industry activity.
Notes

• Gross value of commodities produced is a measure of economic output.
• Estimates of the gross values of Queensland agricultural production are calculated and published at the state level by the ABS. Presently, ABS publishes estimates for most agricultural commodities twice a year.
• A preliminary estimate for a particular financial year is published approximately 4 months after the end of that year. The second (final) estimate is published approximately 12 months after the preliminary estimate.
• Estimates of the gross value of Queensland’s fishery production are available from DAFF.
• All estimates provided in this publication are in nominal dollar values unless otherwise stated.

Definitions

crops field and horticulture crops
fisheries trawl and non-trawl fishing, and aquaculture
forestry log sawmilling and timber dressing
gross value of commodities produced the value of recorded production at wholesale prices realised in the marketplace (for example, cattle sold for slaughter and sugarcane at the mill)
livestock disposals cattle, sheep, pigs, poultry, kangaroos and other live animals sold for slaughter, plus live exports minus live imports
livestock products eggs, milk, wool and honey
marketplace generally, the metropolitan market in each state and territory (where commodities are consumed locally, or where they become raw material for a secondary industry); for exports, marketplace prices are generally FOB prices
value added the value of the output produced minus the costs of the intermediate goods